



Want \$200 in Monthly Passive Income? Buy 2,223 Shares of This TSX Stock

Description

If you're looking for reliable monthly passive income in Canada, you should definitely try investing your hard-earned savings in some quality [dividend stocks](#). By doing so, you can expect to receive passive income each month apart from the returns you get on your investments when the share prices of the company you invest in appreciate in the long run.

While many Canadian stocks distribute their dividend payouts on a monthly basis, you should always try to pick stocks with strong [fundamental outlooks](#) and well-proven business-growth track records.

In this article, I'll talk about one of the best TSX monthly dividend stocks you can buy right now to earn \$200 in passive income each month.

One of the best monthly dividend stocks in Canada

The top Canadian monthly dividend stock I want to highlight here is a Calgary-based [energy sector](#)-focused royalty company called **Freehold Royalties** ([TSX:FRU](#)). It currently has a [market cap](#) of \$2.5 billion, as its stock hovers at \$16.84 per share with nearly 46% year-to-date gains after delivering solid 124% positive returns in 2021. With this, it's continuing to outperform the broader market by a big margin, as the TSX Composite Index has lost more than 10% of its value in 2022 so far.

Create a reliable source of monthly passive income

Freehold Royalties mainly focuses on acquiring and managing oil and gas assets across North America. Currently, the company owns royalty assets in five provinces in Canada with over 6.2 million gross acres and eight states in the United States with about 0.8 million gross drilling unit acres. In 2021, slightly less than 80% of its total revenue came from its home country, while the United States market accounted for the rest.

FRU stock distributes its dividend every month and offers an attractive annual yield of 6.4% at the moment, which can help you earn a healthy passive income.

In the four years between 2017 and 2021, Freehold's revenue grew by 37% while its adjusted earnings saw a much stronger 430% increase. The company's prime focus on new quality acquisitions to expand its asset base is one of the key reasons for its solid financial growth trends.

At the same time, Freehold maintains a balanced commodity and basin exposure to diversify its revenue streams. I expect its financial growth to accelerate further in the coming years due to its increased [focus](#) on growing its asset base in the U.S. market with a record level of activity wells. Moreover, its low debt levels and strong free cash flow make it a very reliable investment option for investors looking to earn monthly passive income.

Bottom line

If you want to earn \$200 in monthly passive income from its dividends, you can buy about 2,223 shares of Freehold Royalties at the current market price. But to do that, you'll have to invest \$37,435 in this Canadian monthly dividend stock. That said, you should always aim to diversify your portfolio by adding more such dividend stocks to it and avoid investing a big sum of money in a single stock.

CATEGORY

1. Dividend Stocks
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1. TSX:FRU (Freehold Royalties Ltd.)

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